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SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS - AUGUST PART 2

The following were notable economic issues in Trinidad & Tobago during the second half of August

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[11.](#) Caribbean Airlines flying high

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At the recent opening of its new ticketing office in Port of Spain, Caribbean Airlines' (CAL) CEO Peter Davies announced that the airline recorded a successful summer travel roster with 77,000 passengers in July, and he predicted crowded planes for Christmas and Carnival. Davies said that the airline's operations have improved and it was now able to rub shoulders with the best performers in the industry.

[12.](#) Copa Airlines fly to Trinidad

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At a recent post-budget breakfast meeting, Trade and Industry Minister Ken Valley announced that Panamanian Copa Airlines will commence flights to Trinidad from December 15. Valley added that visa waivers and immigration issues are soon to be finalized. Valley described this link as an intrinsic part of inter-regional trade facilitation.

[13.](#) Inflation on the rise

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Headline inflation rose to 7.95 per cent in July, up from 7.3 percent in June, according to an August 24 press release issued by the Central Bank of Trinidad and Tobago (CBTT). Food price inflation was the main cause for this increase. In July food price inflation showed a year-on-year increase of 17.2 percent, compared to 14.7 percent in June. On a monthly basis, food prices rose by 2.8 percent in July 2007. Core inflation remained at approximately 4.5 percent. The rise in food prices came largely from the vegetables sub-group, with the price of root-crops being the main culprit. On a year-on-year basis to July, the price of vegetables rose by 26.8 percent compared with 19.4 percent in June. There were also sizeable increases in the prices of cereals, cheese, yogurt, milk products, oils, fats and juices. The Bank continues to maintain the "Repo" rate at 8.0 percent.

[14.](#) Central Bank's authorized capital increased

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On August 23, the Senate granted approval for an increase in the authorized capital of the Central Bank of Trinidad and Tobago (CBTT) from TT\$100 million (US\$16 million) to TT\$800 million (US\$127 million), with immediate effect. Presenting the motion, GOTT Junior Finance Minister Conrad Enill said the increase was made necessary by Cabinet decisions in 2004 and 2005 that assigned the Bank responsibility for the provision of insurance companies and private pensions and for regulating and supervising credit unions. CBTT Governor Ewart Williams said the entire amount would not be provided immediately but over a period of time.

**15. Credit Unions' assets top US\$1 billion**

Speaking at a recent credit union function, Inspector of Financial Institutions Carl Hiralal said that credit unions in T&T control assets estimated to be worth US\$1.1 billion and have 500,000 members. According to Hiralal, the rise of credit unions within the T&T financial system makes a compelling case for the strengthening and modernization of legislation to regulate them. Discussions on a Policy Proposal Document for amending the Credit Union Act are ongoing.

**16. GOTT looks to financial services, investments**

During a public forum on the GOTT's FY-08 budget, Junior Finance Minister Conrad Enill asserted that T&T is on track to run the economy on the basis of non-energy earnings within 15 years. According to Enill, government has been moving to transform T&T into an international center for financial services by improving the financial services sector. Enill highlighted the International Financial Center complex under construction in Port of Spain, which will house both local and international financial institutions. Enill also cited the GOTT's Heritage and Stabilization Fund, which is expected to provide investment income to compensate for the depletion of non-renewable oil and natural gas assets. The Fund now

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stands at US\$1.6 billion.

**17. More hotels opening**

During the 2008 budget presentation, Prime Minister Patrick Manning announced that the GOTT is reviewing tourism legislation to facilitate further investment in hotels. Manning said that T&T is being positioned as a meeting and conference center, as well as the events capital of the Caribbean. He announced that T&T won bids to host the Caribbean Hotels and Investment Conference and the Florida-Caribbean Cruise Conference in May and October 2008, respectively, both conferences to be held at the Hyatt Hotel in Port of Spain. The soon-to-be-completed 428-room Hyatt is also expected to be a principal venue for the Summit of the Americas and the Commonwealth Heads of Government meetings, which T&T will host in 2009. The 80-room Holiday Inn Express opened for business in July 2007. Three more hotels will open in 2008, and together with the refurbished Hilton Hotel, will provide 530 more rooms.

**18. Rapid Rail contract awarded**

On August 23, the contract for the construction of the controversial US\$1.1 billion Rapid Rail project was finally awarded to the Trinitrain consortium, led by Bouygues Travaux Publics of France and including U.S. company Washington Consulting Group. Announcing the award, PM Manning said the project will be implemented through the National Infrastructure Development Company (NIDCO) and will be developed through a "Design Build Operate Maintain" contract. The first phase will commence in the new fiscal year (Oct 2007 - Sep 2008) and will take 18 to 20 months, with an estimated cost of US\$67 million. The PM said after completion of Phase 1, the GOTT will decide whether to proceed or walk away from the contract. The timeline for the entire project is five to six years.

**19. CBC Survey says T&T economy strong**

The Commonwealth Business Council's (CBC) soon-to-be released "Business Environment Survey 2007," concludes that T&T's economy is strong and has gained impetus from foreign direct investment. The

Survey sees a free media and good industrial relations as the most improved factors in T&T's business environment. In order to attract investment and provide a favorable environment for business, the Survey recommended rehabilitating infrastructure, increasing measures to reduce corruption by imposing harsher sanctions on offenders, and reviewing business regulation, particularly for customs and excise and the financial sector.

¶10. GOTT to cut duties on food imports

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Trade and Industry Minister Kenneth Valley announced plans to lift duties on imported powdered milk and cream, as well as turkey parts and whole ducks, geese and guinea fowl. According to Valley, the measures will take effect after the required legal notices are published, which he said should be done shortly. The measures include the suspension of the Common External Tariff (CET) on powdered milk and cream from five percent to zero percent, the removal of the surcharge on fresh, chilled or frozen parts of turkey, as well as frozen fresh or chilled ducks, geese and guinea fowl.

¶11. New Port by 2009?

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PM Manning announced a target of mid-2009 for the proposed new US\$240 million Port of Port of Spain to be ready for operation. The new port will be constructed at Sea Lots, east of the existing port. Manning said that a Request for Proposals will go out for tender early in 2008, and that the GOTT already has made contact with port operators experienced in the construction of large ports around the world.

¶12. Look out for "Condom ATMs"

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The GOTT unveiled plans to procure condom vending machines, a.k.a. "condom ATMs," in an effort to control the spread of HIV/AIDS. The initiative was outlined in the FY-2008 Public Sector Investment Programme (PSIP), which allocates TT\$80.2 million (US\$13 million) for HIV/AIDS programs under the National AIDS Coordinating Committee (NACC). The decision to introduce condom vending machines was based on in-depth market research conducted for the NACC by Population Services International (PSI). NACC will also purchase laboratory equipment, antiretroviral drugs and mobile clinics. NAAC's Technical Director Dr. Amery Browne said the procurement process for the mobile clinics has already started.

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